

BUDGET LETTER

		NUMBER: 20-23
SUBJECT:	FUND BALANCE RECONCILIATION RESPONSIBILITIES	DATE ISSUED: July 20, 2020
REFERENCES:	GOVERNMENT CODE SECTIONS 12460, 13031, 13344, 13403; STATE ADMINISTRATIVE MANUAL; STATE LEADERSHIP ACCOUNTABILITY ACT; AND BLs 19-04, 20-13, 20-14 AND 20-17	SUPERSEDES: 19-07

TO: Agency Secretaries
Department Directors
Departmental Budget and Accounting Officers
Department of Finance Budget, Accounting, and Audit Staff

FROM: DEPARTMENT OF FINANCE

BUDGET OFFICERS SHALL FORWARD A COPY OF THIS BUDGET LETTER TO DEPARTMENTAL INTERNAL AUDITORS.

This Budget Letter (BL) outlines the state departments' fund balance reconciliation responsibilities and the certification requirement for the 2021-22 Governor's Budget. The Department of Finance issued BL 20-17, a comprehensive BL informing departments of past year reporting deadlines and deliverables, including fund balance reconciliation documents.

While revenues and expenditures of all funds must be reviewed for consistency with accounting information, only funds that have a Fund Condition Statement in the 2021-22 Governor's Budget are subject to the fund balance reconciliation. As in previous years, departments can prepare and plan for the upcoming process by reviewing the technical instructions and the list of funds subject to the appropriate fund balance reconciliation process provided on the Finance website at:

http://www.dof.ca.gov/Accounting/Policies_and_Procedures/Fund_Reconciliation/index.html.

Fund Administrators' and Fund Users' Authority and Responsibilities

Finance designates an administering department for each fund. **The designated fund administering department is responsible for the fund balance reconciliation.** State Administrative Manual [section 6401](#) outlines the authority and responsibilities of a fund administrator and fund user for both shared and non-shared funds.

Shared fund administrators should contact fund users prior to year-end to set expectations of due dates and discuss any potential delays in a fund user's submission of the required documents. Shared fund administrators should also inform their Finance Budget Analyst of the due date expectations that have been set with the fund users. In the rare event that fund administrator-set deadlines will not be met, it is the responsibility of the fund administrator (of both shared and non-shared funds) to communicate to their Finance Budget Analyst any potential problems that may prevent the timely submission of reports to Finance, as well as proposed mitigating measures.

Fund users must reconcile their activities in the fund and provide necessary and timely information to the designated fund administrator to reconcile the entire fund. It is the fund user's responsibility to communicate to the fund administrator any potential problems that may prevent the submission of timely reports, as well as proposed mitigating measures. Fund users must also provide the same information to their Finance Budget Analyst to review their portion of the fund.

Certification Requirement

In accordance with **Government Code section 13031**, fund administrators and fund users must sign Form DF-117, Certification of Past and Prior Year Information (Attachment I). The certification is required for **ALL** funds with any past/prior year activity or fund balance. Each department must certify the following:

- Past/prior year information provided to Finance is accurate and reconciles between budget and accounting records.
- Fund balance in the budget and accounting information is consistent with information provided to the State Controller's Office (required for all funds with a Fund Condition Statement in the Governor's Budget).

The certification must be signed by the department's Director or designee. Signing the certification may be delegated to the Chief Deputy Director or equivalent. Inaccurate and/or incomplete past year reconciliation packages will be returned to the signatory for immediate resolution. To ensure consistency between budget and accounting information, the budget and accounting chiefs within the department must coordinate on this effort. Reconciliation information provided to Finance is subject to audit by Finance, Office of State Audits and Evaluations. If audited, the cost will be funded by the department's spending authority from the audited fund.

Given the current telework requirements, due to the COVID-19 pandemic, Finance will only be requiring scanned signed copies of the certification forms this year.

If you have any questions, please contact your Finance Budget Analyst. If necessary, your Finance Budget Analyst will coordinate questions amongst other areas within Finance.

/s/ Richard Gillihan

RICHARD GILLIHAN
Chief Operating Officer

Attachment